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DEPT FOR CA/VO, EEB, OES, EAP/CM, AND INR/EAP - CLARKE  
USDOC FOR 4420  
USDOC FOR ITA/MAC DAS KASOFF, MELCHER AND MCQUEEN  
TREASURY FOR OASIA/DOHNER, WRIGHT, MEDEIROS, CUSHMAN  
STATE PASS USTR STRATFORD  
STATE PASS USNRC FOR CHAIRMAN KLEIN  
USDOE FOR MIZROCH/CHIANG/GINSBERG  
USDOE FOR INTERNATIONAL/PUMPHREY AND GEBERT  
STATE PASS NATIONAL SCIENCE FOUNDATION CHAN/KARAFI/HUBER

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SUBJECT: MEETING WITH WESTINGHOUSE TO DISCUSS FACILITATED VISA  
PROCESSING FOR AP1000 PROJECT PARTICIPANTS

REF: BEIJING 001212

11. (SBU) SUMMARY: On March 12, 2008, Consular Section Chief met with Westinghouse representatives to discuss special visa processing in support of the AP1000 Nuclear Power Plant Project.

This year alone, Westinghouse plans to sponsor up to 200 Chinese nationals for nuclear power technologies training in the United States in preparation for construction of four AP1000 nuclear reactors in China. Since two of these reactors are being built in the Shanghai Consular District, and the vast majority of these visa applicants will require MANTIS Special Advisory Opinion (SAO) processing before visa issuance, Westinghouse sought to understand the visa application process and any Shanghai-specific procedures. Westinghouse, which is required under its contract to transfer proprietary technology, is nevertheless relatively sanguine about the safety of its intellectual property. END SUMMARY.

12. (U) Westinghouse Meeting: On March 12, 2008, AmConGen Shanghai's Consular Chief and ConOff met with Westinghouse Electric Company's Vice-President Timothy Collier and other Westinghouse staff to discuss visa processing in support of Westinghouse's AP1000 Nuclear Power Plant Project (AP1000) contract. An offspring of the original Westinghouse Electric, Westinghouse Electric Company is a multi-national nuclear technologies company incorporating various nuclear services, power plants, nuclear fuel, inspection equipment, advanced welding services, and remote handling equipment to utilities and governments in the United States, Europe, Asia, and Africa. Westinghouse World Headquarters is located in Monroeville, PA. Japan's Toshiba Group is its majority owner.

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THE AP1000 PROJECT  
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13. (SBU) AP1000 TECHNOLOGY: Westinghouse's AP1000 reactor

design was the first "Generation III Plus" reactor to receive approval from the Nuclear Regulatory Commission in December 2005. The AP1000 pressurized water reactor is an evolutionary improvement on Westinghouse's Generation III AP600 reactor, producing almost twice as much power with roughly the same size footprint. The AP1000 design has an 1100 megawatt generating capacity. The AP1000's passive safety systems are intended to make it safer than any existing nuclear power plant. AP1000 construction takes five years, including 18 months of site preparation, 36 months of site construction, and 6 months of startup and testing. American turn-key fabrication firm Shaw, Stone and Webster (a 20 percent shareholder in Westinghouse) provides all power plant engineering and construction services. The plant has a design life of 60 years based on the service life of the reactor vessel.

14. (SBU) The Chinese Contract: In December 2006, after three years of bidding, the State Nuclear Power Technology Corporation selected the Westinghouse/Shaw consortium to build four nuclear reactors. The estimated USD 8 billion contract, awarded in July 2007, is the largest international nuclear contract in history. China's units will be the first AP1000 power plants ever built. Two of the AP1000 units will be built at the Sanmen Nuclear Power Plant in Zhejiang Province, which lies in Shanghai's Consular District. Construction at the Sanmen site began on February 25, 2008, with commercial operation expected by 2013.

15. (SBU) Intellectual Property Rights: Most high-tech companies are reluctant to transfer technology to Chinese subsidiaries and business partners. However, as part of the AP1000 contract, Westinghouse agreed to wholly transfer all AP1000 technology to China. When asked about this, Westinghouse representatives responded that the Chinese government made it very clear that failure to transfer AP1000 technology would have been a deal

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breaker, and Westinghouse would have lost the contract. In response, Westinghouse adopted the view that the AP1000 project is a true partnership with China, and that transferring technology would result in a better relationship with China and result in future power plants sales. (COMMENT: Westinghouse expressed the pragmatic view that, "If people are going to reverse engineer or copy nuclear technology, Westinghouse would prefer that people copy Westinghouse technology." END COMMENT)

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VISA ASSISTANCE  
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16. (SBU) AP1000 Visa Needs: The Bureau of Consular Affairs has committed to facilitating AP1000 travel to the United States. Under the AP1000 contract, a largenumber of Chinese will go to the U.S. to visit Westinghouse and its partners for training, design participation, project review and coordination, manufacturing surveillance, quality assurance auditing, and business development. This year, Collier estimates Westinghouse will send 100 to 200 visitors for pre-construction and site preparation discussions, including construction and design meetings, engineering consultations, etc. The number of Chinese travelers will increase once the AP1000 technology transfer program begins. Since October 2007, Westinghouse has frequently asked AmConGen Shanghai to expedite visa appointments, which we have always tried to accommodate. However, since the scale of the AP1000 project will require increased coordination, Shanghai CONS and Westinghouse met to formalize procedures for facilitating the application and processing of the visas. Westinghouse's primary Shanghai area customers that will send travelers to the U.S. are:

SNPTC -- The State Nuclear Power Technology Corporation, the leading Westinghouse purchaser in China, has headquarters in Beijing, with subsidiaries in Shanghai and Jinan.

SMNPC -- The Sanmen Nuclear Power Company, owner of the Sanmen Nuclear Power Plant, is headquartered in Sanmen, Zhejiang

Province. It is a subsidiary of the China National Nuclear Corporation in Beijing.

SNPEC -- The State Nuclear Power Engineering Company, a subsidiary of SNPTC, is based in Shanghai.

SNERDI -- The Shanghai Nuclear Engineering and Research Institute, a subsidiary of SNPTC, is located in Shanghai.

SEC -- The Shanghai Electric Corporation, one of Westinghouse's key partners in China, is the utility that owns almost all power and electrical equipment factories in Shanghai.

17. (SBU) AP1000 Visa Processing: The majority of visa applicants from the above institutions hold quasi-official Foreign Affairs passports on the basis of their employment in a state-owned enterprise. Interviews and passport pass-backs for such applicants are handled by local Foreign Affairs Offices (FAO). Because the Consular Section already has a special channel for processing FAO visa applicants, it is fairly easy for the Consular Section to accommodate AP1000 applicants with FAO passports. If visa appointment dates available through the FAO are not early enough for AP1000 travel, Westinghouse can request expedited appointments directly from the Consular Chief. Pass-back for these cases will continue to be coordinated through the FAO. AP1000 visa applicants without Foreign Affairs passports are encouraged to obtain them. If FAO passports are not appropriate for proposed AP1000 travel (i.e. long-term training, etc.), applicants are encouraged to schedule interview appointments through normal channels (i.e., the visa appointment Call Center). As is the case with FAO passport holders, if the private passport holder requires an appointment sooner than the

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Call Center's next available date, Westinghouse can again request an expedited appointment. To facilitate AP1000 visa processing, Consular Chief has assigned an "AP1000 Coordinator", who will serve as Westinghouse's direct line to the Consular Section, and will be available to consult with Westinghouse on all visa matters.

18. (SBU) AP1000 SAO Processing: Because the AP1000 project involves sensitive nuclear technologies, the great majority of applicants require MANTIS Special Advisory Opinions (SAO). SAO processing in Shanghai currently takes a minimum of three weeks. In the past, Shanghai CONS has had to request expedited SAO processing for AP1000 applicants. While SAO clearers in Washington have been highly responsive to these requests (returning SAO clearances in a matter of days), the Consular Section is working with Westinghouse to ensure that such requests for expedited SAO clearances are only made as a last resort. Westinghouse has been advised to apply as early as possible, and to allow enough time for normal SAO processing. Shanghai will submit SAO clearance requests for all potential U.S. sites that applicants will visit over a one-year period. If no objections are received, this will qualify eligible AP1000 travelers for expedited return traveler SAO processing through a "post-check", which is a much faster SAO process. The AP1000 Coordinator will work with ACG Shanghai's Locally Engaged Staff to brief them on the special handling of AP1000 applicants to ensure that these cases are processed in the fastest way possible.

19. (U) Consular Chief also advised Westinghouse representatives on visa application best practices, such as how to prepare applicants, what materials to present during the interview, etc. AmConGen Shanghai and Westinghouse are confident that this expedited application process will greatly facilitate AP1000 travel, and make applying for a U.S. visa a less intimidating experience for Westinghouse customers. Furthermore, this tailored visa service reaffirms the USG's continued commitment to assist Westinghouse in facilitating AP1000 travel.

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Comment  
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¶10. (SBU) COMMENT: Recent Xinhua News Agency reports have praised the Sanmen, Zhejiang phase of the AP1000 project, which began construction in February, a full month ahead of schedule. Westinghouse, which has its corporate offices in Beijing, established its AP1000 office in Shanghai because so many of its customers are here - SNERDI, SEC, SNPEC, etc. Westinghouse will even begin to embed its employees inside the SNERDI, SEC, and other customers' offices. Post will follow up on this project as both the volume of AP1000 visa applicants and the frequency of local media coverage of the project continue to increase.  
END COMMENT.

¶11. (U) This cable was coordinated with AmEmb Beijing.  
JARRETT